

State Senator • Irma Clark-Coleman

Serving the 3rd District Constituents in Detroit, Dearborn & River Rouge

Group Purchasing to Lower Urban Insurance Rates

Community and faith-based organizations in urban areas can create purchasing groups that negotiate directly with insurance companies on behalf of their members under a new initiative introduced by Governor Jennifer Granholm and Insurance Commissioner Linda Watters.

Gov. Granholm and Commissioner Watters recently announced the new plan that would make home and auto insurance more affordable. Under the proposal, community groups, churches and neighborhood organizations would team up to create groups of potential customers.

These customers are required to have a good insurance claims history. The lower risk presented by group members should result in lower insurance rates.

The Governor's Office of Community and Faith-based Initiatives will work with local clergy and groups to find people who fit the qualifications to form purchasing groups.



Credit Scoring Still Rules Michigan Insurance Rates

This past spring, the courts upheld insurers' practice of using credit scores to determine insurance rates.

Democrats joined with Insurance Commissioner Linda Watters and fought against this tactic.

It's official that how Michigan consumers pay their bills will determine their insurance rates. We believe that driving records, age and accident history should weigh more heavily. Senate caucus

members vow to continue to fight for a fairer mechanism for rate setting.

If you have questions about auto or home insurance, please contact the Office of Financial and Insurance Services at (877) 999-6442, or send an e-mail message to ofis-ins-info@michigan.gov.

How to Contact Me

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Dear Constituents,

As the hottest part of the summer has arrived, the political landscape in Michigan is scorching. At this writing, lawmakers are anticipating results from a revenue estimating conference that will tell us how much money there is for the budget. From that point, we can debate how the state will spend your tax dollars to best serve you.

One issue that has gained momentum is personal insurance. As we all know, homeowners and drivers in southeastern Michigan pay the most prohibitive insurance rates in the country. Detroiters pay the absolute highest auto insurance premiums in the United States, according to several reports.

While there have been various town hall meetings and hearings on the lack of fair insurance rates, it's time for action. There are six bills, sponsored by Democrats, which remain in Senate committees. I urge each of you to use your political power by contacting the House and Senate leadership to encourage them to act on this legislation.

Sincerely,

Irma Clark-Coleman
State Senator • 3rd District

Cooperation Key to Lower Insurance Rates

Personal insurance rates in Michigan are in a state of emergency. Unfair and cost-prohibitive prices have left thousands of our drivers and homeowners uninsured. The decision to go without coverage is sometimes the sacrifice made when people are forced to choose between paying for food and shelter, and paying for insurance.

We want all of Michigan to be protected from the disaster of uninsured drivers and homeowners. No group has the “one” right answer. What we will have, if we come together, is a greater possibility of solving our state’s insurance problem.

Industry representatives litter the path of cooperation with tales of blame. They say Detroit’s auto insurance rates are high because of auto theft. Not so, according to recent reports by the state Office of Financial and Insurance Services. Auto thefts in Detroit have decreased by 17 percent since 1998. Interestingly, auto insurance coverage for Detroit climbed 40 percent during the same time period.

Industry reps threaten higher rates when asked to review prices for metro areas. Pitting outstate against southeastern Michigan, insurance officials say people with good credit and who receive rate discounts will no longer receive lower rates if residents in Detroit and other urban areas see a decrease in their costs.

The truth is we all are being charged higher rates. The insurance companies set extraordinarily high base rates and then give “discounts” to customers leaving the impression of a cost reduction. Realistically, customers who get these discounts are subsidizing their own price breaks. Detroit and other metro areas are not the catalysts of higher rates. Insurance companies spur growing costs.

It is time to make legitimate efforts to work out the problem of unaffordable insurance. I challenge the state’s lawmakers to follow Gov. Granholm’s lead and provide a mechanism by which our residents can purchase reasonably priced insurance.

Insurance Q&A

Q Is auto insurance mandatory?

A Yes. If you’re from the Wolverine State or planning to move here, you need to know that Michigan law requires insurance, and every car registered must be insured. Even to get your license plates, you have to get basic coverage.

Q Is Michigan a “no-fault” state?

A Yes. Michigan is what is known as a no-fault state. Michigan adopted no-fault in 1973 to increase the level of benefits paid to injured persons.

Q What if I fail to keep insurance on my vehicle that I’ve registered in Michigan?

A If you own a car and you drive it, or allow someone else to drive it, without basic no-fault insurance, you can be sued and held personally liable. You may also be convicted of a misdemeanor and fined from \$200 to \$500, put in jail for up to one year, or both.

Q I have insurance but would like to reduce my premiums. Is there any way?

A There are a number of ways that you might reduce the cost of your insurance. For example, you might ask about premium savings if you increase your deductibles. Doing so will mean that you pay more out of your pocket should a loss occur, but it will reduce the premium you pay.

You also could ask about steps you could take to receive a discount on your premium from the company. For example, some companies reduce your premium if you have certain safety features such as air bags, anti-lock brakes, or an alarm system on your vehicle, if you have no tickets or accidents, or if you have more than one type of policy with the same company.

MCCA Rate Setting Cloudy

On July 1, the Michigan Catastrophic Claims Association (MCCA) raised its fee, which every driver has to pay, to \$141.70 from \$127.24, last year.

The MCCA is a mandatory state assessment that is determined by a group of private insurance executives who meet in secret to

set the rate that every driver must pay per vehicle. Senate Democrats have sponsored legislation to make these meetings open to the public.

The measure remains in committee.

In cases of catastrophic injuries, the MCCA pays all medical expenses that regular insurance does not cover. This

coverage is a comfort when it's needed, but the unchecked increases are a hindrance to those on fixed incomes and those who already pay high auto rates.

OFIS Releases Auto Insurance Buying Guide

Insurance Commissioner Linda A. Watters recently released the *2005 Buyers' Guide to Auto Insurance*. The guide contains information and tips about purchasing auto insurance. It also contains the results of a survey designed to provide consumers with information about rates charged by auto insurers in various areas throughout the state.

"The auto buyers' guide is a convenient tool for consumers to use when shopping for their best deal on auto insurance," Commissioner Watters said. "Included is a list of possible discounts for consumers to ask insurance agents about and worksheets for use when comparison shopping."

State insurance officials stress that consumers should shop around to receive the best price for auto insurance. Consumers who renew insurance, or purchase insurance for the first time, should not assume that the first quote they receive is the best price they can get.

Another important resource for consumers is the interactive version of the buyers' guide, which also can be found on the OFIS website. It allows users to choose a profile that most closely fits their situation and location to get a general idea of rates for auto insurance. The user can review sample rates for a select list of companies or review rates for Michigan auto insurance companies.

The *2005 Buyers' Guide to Auto Insurance* can be reviewed and downloaded on the Internet at www.michigan.gov/ofis under Publications/Guides/Automobile Insurance. Hard copies of the guide also are available by contacting OFIS toll-free at (877) 999-6442.



Auto Insurance: A Price Game

Metro Detroiters pay more for auto insurance than other big city residents across the country. Insurers attribute the cost to rising auto thefts; some customers say the reason is greed.

Detroiters pay an average of \$5,162 every year for auto insurance. Philadelphians pay \$4,142, Newark residents pay \$3,482, and car owners in Los Angeles shell out \$3,225 annually. New York comes in fifth, with an average tab of \$3,127 a year.

Insurers say auto theft rates affect Detroit's rates. According to the Auto Theft Prevention Authority of Michigan, car thefts were up in 2004 by 31% in Macomb, 23% in Oakland and 10% in Wayne.

It is curious that Wayne County showed the smallest gain in auto thefts, but its residents are still forced to pay prohibitive auto insurance rates. Recently, the Wayne County Sheriff's office and the Detroit Police Department, among others, conducted a four-day project called ACTION—Arresting Car Thieves in Our Neighborhood—to put a dent in auto thefts.

Thirty other government agencies, such as the U.S. Departments of Housing and Urban Development and Homeland Security, and two insurance companies also participated. About 113 arrests were made, 30 vehicles recovered, and 254 spot checks on parolees and those on probation were conducted.

Auto Coverage

Increases in average auto insurance premiums by Michigan region, 1995-2003 (the latest year of record):

- North Central Detroit: 126%
- Northeast Detroit: 125%
- Southwest Detroit: 122%
- Northwest Detroit: 116%
- South Central Detroit: 113%
- Pontiac: 71%
- Flint: 70%
- Wyandotte: 56%
- Saginaw: 56%
- Grand Rapids: 51%
- Macomb: 50%
- Ypsilanti: 50%
- Marquette: 48%
- Lansing: 46%
- Kalamazoo: 42%
- Traverse City: 42%



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Insurance Company Listing

The list below contains names of insurance companies that are part of a sampling of insurers provided by the Office of Financial and Insurance Services (OFIS) in its 2005 Buyers' Guide. These companies offer auto and homeowners insurance in Detroit. While this list identifies a number of insurance companies, it is not intended to imply that these companies are the only insurance options in Detroit. Please contact OFIS toll-free at (877) 999-6442.

Allstate Insurance.....	(800) 255-7828	Home Owners.....	(517) 323-1200
Allstate Prop. & Cas.	(800) 255-7828	Horace Mann.....	(800) 999-1030
American Insurance	(800) 835-7750	Integon National.....	(248) 952-5107
American International (AIG).....	(800) 807-9458	Liberty Mutual	(586) 532-7298
AMEX - Ameri-prize	(800) 842-3344	Mercury National	(877) 263-7287
Amica Mutual Insurance.....	(800) 242-6422	Metropolitan Direct.....	(800) 638-4208
Auto Club.....	(313) 336-1234	Metropolitan General	(800) 638-4208
Auto Owners	(517) 323-1200	Metropolitan Prop. & Cas.	(800) 638-4208
Bristol West	(800) 338-2560	Michigan Insurance Co.	(616) 447-3600
Cincinnati	(513) 870-2000	Michigan Millers Mutual	(800) 888-1914
Citizens.....	(517) 546-2160	Mid Century	(323) 932-3200
Citizens Dairyland.....	(517) 546-2160	Midwest Insurance (Travelers).....	(313) 568-4433
Emcasco	(800) 247-2128	National Ben Franklin.....	(800) 262-2710
Employers Mutual.....	(800) 247-2128	Nationwide Mutual Fire	(614) 249-7111
Encompass Prop. & Cas.	(800) 262-9262	New Hampshire Ind	(877) 244-4288
Esurance Insurance.....	(800) 378-7262	Pacific Indemnity	(800) 262-4459
Farm Bureau General	(517) 323-7000	Pharmacists Mutual.....	(248) 723-2833
Farm Bureau Mutual	(517) 323-7000	Pioneer State Mutual.....	(800) 837-7674
Farmers Insurance Exchange	(323) 932-3200	Progressive Marathon.....	(800) 776-4737
Federal Insurance	(800) 252-4670	Progressive MI	(800) 776-4737
Frankenmuth Mutual	(989) 652-6121	QBE Insurance	(212) 422-9888
Fremont	(888) 968-3664	Safeco	(888) 458-2246
GEICO.....	(800) 861-8380	State Auto Mutual	(800) 444-9950
Glens Falls.....	(312) 822-5000	State Farm Mutual.....	(800) 732-5246
Great Northern	(800) 252-4670	Titan Insurance	(800) 347-7930
Harleysville Lake States.....	(231) 946-6390	Unitrin Direct	(800) 290-6637
Hastings Mutual Insurance.....	(800) 442-8277	Westfield.....	(800) 243-0210



Senator Clark-Coleman E-News Report

The Clark-Coleman E-News Report is currently under construction. This monthly update of legislative news will be sent to subscribers free of charge. If you would like to receive it, please send your e-mail address to seniclark-coleman@senate.michigan.gov and write “e-news add” in the subject line. Also, please visit Sen. Clark-Coleman’s State Senate website at www.senate.michigan.gov/clark-coleman for the Senator’s latest activities in Lansing and in the district.